

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 PM-05

NSC-05 SP-02 SS-15 L-03 H-01 TRSE-00 OMB-01 /062 W

-----103106 072035Z /45

R 062242Z OCT 77 ZDK

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 4964

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

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E.O. 11652:N/A

TAGS: EAIR, CA

SUBJECT: CIVAIR - US/CANADIAN CONSULTATIONS ON CHARTERS

REF: STATE 211146

1. SUMMARY. US DELEGATION MET WITH CANADIANS, HEADED BY CHAIRMAN OF AIR TRANSPORT COMMITTEE (ATC), OCT. 4 IN OTTAWA, TO CONSULT OVER US PROPOSAL TO AMEND US/CANADIAN NONSCHEDULED AIR SERVICES AGREEMENT TO INCLUDE US ORIGIN ADVANCE BOOKING CHARTERS (ABC) IN LIST OF AUTHORIZED TYPES. PARTIES WERE UNABLE TO AGREE ON RULES (US OR CANADIAN) TO BE APPLIED TO ABC'S AND FURTHER CONSIDERATION OF ISSUE WAS DEFERRED. EMBASSY SUGGESTS FURTHER APPROACH TO CANADIANS ON BASIS OF THEIR INTEREST IN DEVELOPING

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TOURIST TRAFFIC FROM THE US. DEPT. INSTRUCTIONS ARE REQUESTED. END SUMMARY.

2. CANADIANS WERE UNWILLING TO ACCEPT US ABC UNDER PRESENT US RULES WHICH THEY CONSIDER DO NOT MAINTAIN DISTINCTION BETWEEN SCHEDULED AND NON-SCHEDULED SERVICES. ATC CHAIRMAN THOMSON SAID HE WOULD BE WILLING TO RECOMMEND THAT ATC

ACCEPT ADDITION OF US ORIGIN ABC TO AGREEMENT IF US WERE WILLING TO REACH COMPROMISE ON ITS RULES AS IT HAD DONE FOR NORTH ATLANTIC ABC OPERATIONS. HE SUGGESTED CANADA MIGHT BE ABLE TO ACCEPT US ABC'S ON BASIS OF 45-DAY ADVANCE BOOKING, 7-DAY MINIMUM STAY, AND SOME MODIFICATION (UNSPECIFIED) OF SUBSTITUTION PROVISIONS.

3. HEAD OF USDEL TOLD THOMSON WE ARE UNWILLING TO MODIFY US ABC RULES SINCE MORE RESTRICTIVE TERMS PROPOSED BY CANADIANS WOULD BE CERTAIN TO PREVENT US TO CANADA ABC MARKET FROM DEVELOPING WHEN MORE LIBERAL TERMS WERE AVAILABLE SOUTH OF THE BORDER. FOR EXAMPLE, WHY SHOULD US SKIER BE INTERESTED IN BUYING ABC TICKET TO CANADIAN SKI AREA IF HE HAS TO BOOK 45 DAYS IN ADVANCE AND STAY A MINIMUM OF 7 DAYS WHEN HE CAN BOOK ONLY 30 OR 15 DAYS IN ADVANCE AND HAVE NO MINIMUM STAY ON US DOMESTIC ABC FLIGHT TO US SKI AREA.

4. IN VIEW OF LACK OF AGREEMENT, CANADIAN DEL SUGGESTED CONSIDERATION OF US PROPOSAL BE DEFERRED UNTIL AFTER TRIPARTITE US/CANADIAN/EUROPEAN CIVIL AVIATION CONFERENCE (ECAC) MEETING TO BE HELD IN PARIS OCT. 26-28.

5. COMMENT: ONE OF USDEL'S ARGUMENTS IN FAVOR OF US ORIGIN ABC'S TO CANADA DURING CONSULTATIONS WAS BASED ON CANADIAN INTEREST IN PROMOTING US TOURISM TO CANADA. AT LIMITED OFFICIAL USE

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PRESENT TIME, ONE OF CANADIAN GOVERNMENT'S MAJOR PRE-OCCUPATIONS IS WITH UNFAVORABLE IMBALANCE IN SERVICES SECTOR OF INTERNATIONAL ACCOUNTS. IN THE TOTAL 1976 CURRENT ACCOUNT DEFICIT OF SOME 4.2 BILLION DOLLARS (CANADIAN) ABOUT 1.2 BILLION IS DUE TO IMBALANCE IN TOURISM PAYMENTS AND RECEIPTS. THIS SITUATION IS SERIOUS ENOUGH TO HAVE PRODUCED RECENT RUMOR (IMMEDIATELY DENIED BY GOVERNMENT) THAT GOC WOULD LIMIT CANADIAN TRAVELLERS TO ONLY 600 DOLLARS ANNUAL EXPENDITURE ABROAD. FOR THIS REASON, AS DISCUSSED BY USDEL MEMBERS FOLLOWING CONSULTATIONS, EMBASSY CONSIDERS IT WOULD BE PARTICULARLY USEFUL TO TAKE UP ISSUE AGAIN WITH EXTAFF, ALSO BRINGING CANADIAN TOURIST OFFICE AND DEPARTMENTS OF INDUSTRY, TRADE AND COMMERCE, AND FINANCE INTO PICTURE, BY MAKING STRONG ARGUMENT THAT CANADIAN ACCEPTANCE OF US ORIGIN ABC FLIGHTS, OPERATED UNDER US RULES, WOULD BE POSITIVE STEP TOWARD DEVELOPING US TOURISM TO CANADA THUS CONTRIBUTING TO BETTER BALANCE IN TOURISM ACCOUNT. IN EMBASSY'S VIEW, HOWEVER, SUCH APPROACH SHOULD BE DEFERRED UNTIL DECISION OF ATC ON CANADIAN DOMESTIC ABC OR OTHER LOW COST FLIGHTS (OTTAWA 8744) IS ANNOUNCED. IF IT IS ASSUMED THERE WILL BE DECISION BY ATC IN FAVOR OF DOMESTIC ABC'S OR OTHER

EXPANDED LOW COST FLIGHTS, WHICH SEEMS LIKELY, THIS WOULD  
TEND TO DEFUSE ARGUMENT THAT US ORIGIN ABC'S WOULD BE USED  
TO MOVE CANADIAN TRANSCONTINENTAL PASSENGERS BETWEEN  
BUFFALO (TORONTO) AND VANCOUVER OR SEATTLE-TORONTO. REQUEST  
INSTRUCTIONS. ENDERS

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
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